

Message Text

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ACTION EUR-12

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PASS AGRICULTURE

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SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS' MEETING, MAY
26-27, 1975

REF: EC BRUSSELS 03296

1. BEGIN SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS DID NOT TAKE ANY DECISION ON THE ISSUE OF MEDITERRANEAN AGRICULTURAL PREFERENCES BUT INTEND TO DO SO AT THEIR NEXT MEETING JUNE 23-24. THE MINISTERS DISCUSSED THE EC MARKET SITUATION FOR BEEF. END SUMMARY.

2. EC AGRICULTURAL MINISTERS ENDED THEIR TWO DAY MEETING IN LUXENBOURG WITH NO AGREEMENT ON THE MEDITERRANEAN AGRICULTURAL DOSSIER BUT WITH SOME HOPE THAT THEY ARE MOVING TOWARD A COMPROMISE WHICH CAN BE FINALIZED AT THEIR NEXT COUNCIL MEETING OF JUNE 23-24. ITALIAN MINISTER MARCORA CLAIMED THAT HIS GOVERNMENT'S POSITION ON MEDITERRANEAN AGRICULTURAL PREFERENCES WAS DIVORCED FROM CONSIDERATION ABOUT THE ITALIAN REGIONAL ELECTIONS OF JUNE 15. THE POSITION WAS BASED, HE SAID, ON SUB-LIMITED OFFICIAL USE

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STANTIVE POLITICAL OBJECTIONS, NAMELY, THAT THE CAP SHOULD NOT ONLY

PROVIDE SUPPORT FOR NORTHERN
EUROPEAN AGRICULTURAL COMMODITIES BUT ALSO BENEFIT SOUTHERN EURO-
PEAN (ITALIAN) AGRICULTURE EQUALLY AND THAT THE PRINCIPLE OF
COMMUNITY PREFERENCE NOT BE ERODED. IN THE OPINION OF ONE U.K.
PERMREP OBSERVER, "IF THE ITALIANS ARE SERIOUS ABOUT THESE OBJECTIONS

THEY WOULD INVOLVE FAR MORE FUNDAMENTAL CHANGES IN THE CAP THAN
ANYTHING THE UK EVER TRIED TO DO IN ITS RENEGOTIATION EFFORT."

3. NOTWITHSTANDING MARCORA'S UNWILLINGNESS TO GET "BOGGED DOWN"
IN SPECIFIC DEMANDS, HE DID MAKE CERTAIN PROPOSALS AROUND WHICH,
MANY BELIEVE, A COMPROMISE PACKAGE CAN BE WORKED OUT. THE ITALIANS
ASKED THAT THE REFERENCE PRICES FOR IMPORTED WINE AND FRUITS AND
VEGETABLES BE RESPECTED. THE COMMISSION WILL STUDY WAYS TO TIGHTEN
CONTROL OF THE SYSTEM TO ASSURE THAT NO IMPORTS ENTER BELOW THE
REFERENCE PRICE LEVEL. ON PROCESSED FRUITS AND VEGETABLES, THE
ITALIANS underscored the difficulties their industry would be
exposed to from MEDITERRANEAN EXPORTERS benefitting from TARIFF
CONCESSIONS AND THE CONSEQUENT NEED FOR SPECIAL PROTECTION. THIS
PROTECTION, ACCORDING TO MARCORA, COULD TAKE THE FORM OF A DIRECT
SUBSIDY. THE GERMAN DELEGATION'S RESPONSE TO THIS WAS THAT GERMANY
WOULD NOT SIGN A BLANK CHECK AND THE MATTER NEEDED MORE THOROUGH
STUDY.

4. A DUTCH MINISTRY SOURCE TOLD A MISSION OFFICER THAT A
MINIMUM IMPORT PRICE SYSTEM AS PROPOSED IN 1973 FOR PROCESSED FRUITS
AND VEGETABLES HAS BEEN VIRTUALLY ABANDONED IN FAVOR OF AN IMPORT
LICENSING SYSTEM ALONG LINES PREVIOUSLY REPORTED (REFTEL PARA 2).

5. THE MINISTERS ALSO DISCUSSED THE MARKET SITUATION FOR BEEF.
COMMISSIONER LARDINOIS REPORTED THAT, EXCEPT FOR IRELAND, MARKET
PRICES IN THE EC ARE CURRENTLY ABOVE INTERVENTION PRICE LEVELS AND
ARE 11 PERCENT ABOVE LAST YEAR'S MARKET PRICES. INTERVENTION
STOCKS IN THE COMMUNITY NOW STAND AT 275,000 MT. OF WHICH 200,000
IS FROZEN BEEF AND 75,000 CANNED. LARINOIS STATED THAT IF THE
FUTURE FORECAST FOR THE EC BEEF MARKET WAS REASONABLY OPTIMISTIC,
IT WAS NOT AT ANY SMALL COST IN TERMS OF RELATIONS WITH THIRD
COUNTRIES AFFECTED BY THE EC IMPORT BAN AND FEOGA BEEF SUPPORT
EXPENDITURES. IT IS BELIEVED THAT THE LATTER WILL AMOUNT TO 700
MILLION U.S. IN 1975.

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6. THERE WAS CONCERN ABOUT CONTINUED LOW MARKET PRICES AND MOUNTING
SURPLUSES IN IRELAND. THE U.K. DELEGATION EXPRESSED FEAR THAT THE
IRISH WOULD "LET BEEF PILE UP AND DISPOSE OF IT ON THE UK MARKET
IN THE AUTUMN." THE ITALIAN AND GERMAN DELEGATIONS POINTED OUT THAT
IRISH EXPORTS TO THEIR COUNTRIES HAD INCREASED SUBSTANTIALLY.
GERMANY, FOR EXAMPLE, HAS IMPORTED 29,000 HEAD OF LIVE CATTLE FROM
IRELAND DURING THE FIRST FIVE MONTHS OF 1975 AS COMPARED TO 2,000

HEAD FOR THE SAME PERIOD LAST YEAR.

7. THE IRISH FOR THEIR PART COMPLAINED THAT THE MONETARY AND
ACCESSION COMPENSATORY AMOUNT SYSTEM RESULT IN A POUND 106/M.T.
HANDICAP FOR IRISH EXPORTS TO THE GERMAN MARKET.

8. U.K. MINISTER PEART STATED THAT THE ATTRACTIVENESS OF RESORTING
TO INTERVENTION HAD TO BE REDUCED. HE PRAISED THE UK VARIABLE
PREMIUM SYSTEM AS HAVING RESTORED CONFIDENCE TO PRODUCERS, MAKING
THEM MARKET THEIR CATTLE IN A REASONABLE MANNER. THE UK HAD NOT
RESORTED VERY OFTEN TO AUTHORIZING A NATIONAL VARIABLE PREMIUM.
HE SAID, AND THE PROGRAM HAS COST (POUNDS) 40,000 ACCORDING TO ONE
DELEGATION MEMBER'S HURRIED CALCULATIONS. THUS, PEART DECLARED THAT
THE UK VARIABLE PREMIUM SYSTEM IS "WORKING WELL" AND SHOWS THAT
SUCH A SYSTEM "NEED NOT BE COSTLY NOR DISTORT INTRA-EC TRADE."

9. THE COUNCIL DISCUSSED THE FRENCH REQUEST FOR AN EXTENSION OF
THE EC BAN ON TUNA IMPORTS UNTIL AUGUST 1, 1975. THE COMMISSION,
ON ITS OWN COMPETENCE, WILL CONSIDER 1) ALLOWING FRANCE ALONE TO
PROLONG THE BAN ONE MONTH PAST ITS JULY 1 DEADLINE; 2) INCREASING
EC SUBSIDIZATION FOR THE PRIVATE STORAGE OF CERTAIN FISH FROM
3 MILLION TO 4 MILLION U.A.; 3) CONSULTING WITH PRINCIPAL EXPORTING
COUNTRIES ON RAISING THE EC REFERENCE PRICE FOR TUNA.

10. THE COUNCIL ALSO DISCUSSED BUT TOOK NO DECISION ON HAVING A
LOWER SUPPORT PRICE FOR WHEAT VARIETIES WHICH ARE HIGH YIELDING
BUT HAVE POOR MILLION QUALITY. GREENWALD.

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